



STATE OF HAWAII
DEPARTMENT OF HUMAN SERVICES

P. O. Box 339
Honolulu, Hawaii 96809-0339

March 29, 2015

TO: The Honorable Angus L.K. McKelvey, Chair
House Committee on Consumer Protection & Commerce

FROM: Rachael Wong, DrPH, Director

SUBJECT: **H.C.R 203/H.R.139– REQUESTING THE AUDITOR TO
CONDUCT A REVIEW ON THE EFFECT OF THE
TRANSFER FROM MEDICAID TO PLANS ON THE
HAWAII HEALTH CONNECTOR FOR NON-ELIGIBLE
MEDICAID COMPACT OF FREE ASSOCIATION
RESIDENTS**

Hearing: Monday, March 30, 2015; 2:00 p.m.
Conference Room 325, State Capitol

PURPOSE: The purpose of this Concurrent Resolution is to have the State Auditor conduct a review of the cost implications and other effects of the transfer from Medicaid to plans purchased through the Hawaii Health Connector by COFA migrants living in Hawaii for the period of fiscal years 2015-2016 and 2016-2017.

DEPARTMENT'S POSITION: The Department of Human Services (DHS) provides comments on the concurrent resolution and appreciates the efforts to ensure access to quality health care, which is the goal of the DHS Med-QUEST Division. However, DHS has serious concerns regarding the scope of the review.

It would be difficult for the Auditor to determine the cost implications of the termination of full Medicaid benefits in terms of utilization of a higher level of services

as identified in paragraph (1). While we could assist in the analysis the Auditor will need to provide guidance on information that would be needed, understand differences in benefits available under Medicaid versus qualified health plans available through the insurance exchange, Hawaii Health Connector (Connector), and reasons for utilization under Medicaid and Connector plans.

Determining the cause of increased utilization of services should require a review of prior health records/utilization as well as a review of all events that have occurred during the periods of time that could have attributed to causes for the potential increased utilization as a full review cannot be made strictly on utilization claims data.

Investigation of increases in mortality and morbidity also requires expertise of reviewers to determine morbidity and mortality and the cause. Similar committees exist in different health care settings and organizations with the primary purpose of the investigations to improve the health care system and services. These committees conduct extensive reviews of medical records, not looking initially for cases based on the cause (delayed treatment or timely treatment) but because of the result of a death or medical condition and looking at how it can be prevented in future cases.

It will be difficult to identify available financing mechanisms within currently allocated funds. The DHS Premium Assistance Program that went into effect on March 1, 2015, is already a completely state-funded program for eligible individuals who purchase qualified Silver level plans through the insurance exchange.

With regard to redirecting the portion of “savings” (\$23,000,000) due to the cessation of Medicaid benefits for identified non-citizens, the state funded “savings” were already returned to the state budget as a budget adjustment through the executive

budget bill HB500 HD1. Most recently, the House Committee on Finance accepted the budget adjustment (HMS 401, Sequence no. 210-001).

For calendar year 2014, the total general funds paid for remaining COFA Medicaid enrollees (the Aged, Blind and Disabled, and Pregnant Women and Children) was \$16,109,448. The total amount received from the U.S. Department of Interior for medical services for the COFA for FY2014 was approximately \$11,000,000, leaving a shortfall to be covered by state general funds of \$5,109,448.

Thank you for the opportunity to testify on this measure.